UNIVERSITY OF CAMBRIDGE
INSTITUTE FOR SUSTAINABILITY LEADERSHIP

NATURE POSITIVE

COP15 Briefing

Putting nature, wellbeing, and resilience at the heart of a new economic model

Executive Summary

We are experiencing an **unprecedented decline in nature**, and humans are causing it.

One million out of an estimated 8 million species of plants and animals are threatened with extinction (IPES). WWF's recent Living Planet Report also revealed that global wildlife populations have seen average declines of nearly 70% in just 50 years.

Our destruction of nature plays a role in the emergence of novel diseases, from the extensive deforestation associated with the increase in Ebola outbreaks to the wildlife commerce in the outbreak of Covid-19.

We threaten our own survival as we continue to put **pressure on the natural world** through deforestation and over exploitation.

It is imperative to **reverse the escalating biodiversity collapse** and end what UN Secretary-General António Guterres has called a **"senseless, suicidal war against nature"**[1].

Biodiversity encompasses the full variety of life. Billions of people depend on, appreciate and love nature.

Our wellbeing (including access to clean air, safe drinking water and nourishing food) and **our economy** depend on healthy biodiversity and ecosystem services. Human security and quality of life are inextricably linked to nature and planetary health. **There is no credible long term future for society, business and innovation** unless we tackle biodiversity collapse and sustain and repair the planet's life support systems. According to the Dasgupta Review, 'Nature's value must be at the heart of economics' We can no longer afford for it to be absent from accounting systems that dictate national finances, or ignored by economic decision makers.

The latest science confirms that **nature is our secret ally in the fight against climate change**. A recent report from WWF highlights the interlinked emergencies of human-induced climate change and biodiversity loss, making a case for better integrating nature into the global response to the climate crisis.

By 2050, nearly 70 per cent of the world's population is expected to live in urban areas.[2] Reconnecting towns and cities – especially the most deprived areas - to nature and safe outdoor spaces is essential if billions are to live healthily, discover the joy and beauty of nature, and develop a shared sense of respect and stewardship for the natural world.

1 United Nations Press Release, Stockholm+50 international meeting, June 2022. Retrieved from: https://press.un.org/en/2022/sgsm21304.doc.htm
2 UN, "68% of the world population projected to live in urban areas by 2050, says UN", May 2018. Retrieved from: https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html

Many communities and cultures have unique bonds and interactions with nature. Eighty per cent of the world's remaining biodiversity is conserved by indigenous peoples in their traditional territories and sacred places.[3] Their practices of deep respect and kinship with nature have played a unique role in the stewardship of global biodiversity as well as highly diverse cultural heritage. Looking forward, indigenous knowledge, innovation, and participation must be integral to future strategies and decision-making for biodiversity.

Leading businesses and financial institutions are starting to embed nature across their practices and urgently need a supportive policy framework. More broadly, all countries - whatever the level of their economic development - need to grow *with* nature and not *against* nature. Putting nature and climate at the heart of policy across nations will require greater trust between countries and sectors, something in increasingly short supply. Cooperation and transparency are essential to drive multilateral ambition and dialogue forward to this COP and beyond.

3 Retrieved from: https://www.nationalgeographic.com/environment/article/can-indigenous-land-stewardship-protect-biodiversity-

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Preparing for COP15

The United Nation's COP15 conference in Montreal is a pivotal opportunity **to set a bold pathway to deliver transformational change for people and nature**. With business and finance stakeholders present in record numbers, COP15 needs to deliver an ambitious framework for re-alignment for a sustainable future. Some of the key ambitions for the biodiversity summit include:

- Turning 30% of the Earth's lands and seas into protected areas by 2030.
- Ensuring that, by 2050, a "shared vision of living in harmony with nature is fulfilled".
- Eliminating billions of dollars of environmentally-damaging government subsidies and restoring degraded ecosystems.

However, **COP15 faces several challenges to success**, from the absence of world leaders, low resource mobilisation, and knock-on impacts of a disappointing COP27 to more fundamental barriers. Despite robust evidence of the value of nature to our societies and economies, nature is still treated as a free resource with low visibility in our decision-making. At the same time, progress has been woefully slow on the post-2020 Global Biodiversity Framework.

The time for new vision and leadership is now. Joint actions from governments, business, and finance are urgently needed to reset our **relationship with nature** and to raise the bar for regeneration - especially the target to conserve 30 per cent of land and marine ecosystems by 2030.

In this briefing, we seek to show the imperative for business, finance and government to tackle the nature crisis collaboratively and holistically. Our report presents three recommendations for driving nature-positive transformation of our society and economy:

1. **Tackle the nature and climate crises as one:** We must set the bar high for meaningful action to achieve net zero while protecting and restoring nature. We must integrate nature loss risks into existing assessments of climate change risk, and avoid unintended impacts of climate solutions upon nature.

2. **Put nature at the heart of all policy and regulation:** Governments must integrate nature into decision-making at all levels and be highly ambitious. This includes creating an enabling environment for business and finance to drive activities aligned with nature restoration and regeneration and acting to end the overexploitation of nature, particularly through the provision of harmful subsidies.

3. **Embed nature in decision-making across business and finance:** Economic and financial systems need to transform how they view and value nature. Businesses must seek to adopt a regenerative model for nature. At the same time, financial institutions should integrate nature into financial decision making to embed the logic of regeneration and support the transformation of the real economy.

COP15 challenges & opportunities

The United Nation's COP15 conference in Montreal provides a rare opportunity **to set a bold pathway to deliver transformational change for nature**.

The summit, delayed for two years due to COVID-19, aims to agree on a "Post-2020 Global Biodiversity Framework" (GBF). This will outline what countries need to do in the next decade and beyond to live in harmony with the natural world. Elizabeth Maruma Mrema, executive secretary of the Convention on Biological Diversity (CBD), has described this opportunity as "a Paris moment for Nature."[1]

"COP" refers to a Conference of Parties. These are arenas for international governments to meet and review progress on key goals and establish the measures required to support these. While the recently concluded UN Framework Convention on Climate Change Conference (or COP27) is the most well-known, its sister COP, the UN Biodiversity Conference, or COP15, is the major environmental milestone for nature.

COP15 is the regular meeting of countries who have signed the Convention on Biological Diversity (CBD). Adopted at the Rio Earth Summit in 1992, the CBD is the international agreement for conserving biodiversity, with the vision of "living in harmony with nature by 2050."

A significant area of focus for COP15 is the creation of a "Post-2020 Global Biodiversity Framework" (GBF). This is intended to follow on from CBD's 2011 to 2020 strategic plan, where 20 objectives termed the "Aichi Biodiversity Targets" were set. None of these were achieved globally, increasing the critical need of a GBF to safeguard nature over the next decade and beyond.

Opportunities and challenges

Historically, nature and ecosystem services have always been treated as a free resource across policy, business, and finance. Looking forward, **there are signs this is changing**:

- The "**30 by 30 target**" to conserve 30 per cent of land and sea areas globally by 2030 (**Target 3**) provides a focus for government, business and finance to rally behind. While still being debated, it can be considered the equivalent of the 1.5°C target for climate as it sets a broad and ambitious outcome goal and paves the way for a longer-term vision of "50 by 50".

1 World Climate Foundation: Partnering for Nature – Calling for a Paris Moment in Biodiversity, Sept 2022. Retrieved from https://www.worldclimatefoundation.org/post/partnering-for-nature-calling-for-a-paris-moment-in-biodiversity

- In **policy**, 196 countries are already party to the CBD (although the United States is notably absent[2]) and have committed to set national biodiversity strategies and actions plans (NBSAPs)[3]. Many countries are also recognising the value of nature-based solutions (NbS) in their efforts to address the climate crisis (according to World Wildlife Fund, 92 per cent of updated climate pledges include nature-based solutions)[4].
- In **business**, a growing cohort of world leaders have signed the Leaders Pledge for Nature to reverse biodiversity loss by 2030. More than 1,100 companies with revenues of more than US$5 trillion are calling on governments to adopt policies now to reverse nature loss in this decade[5].
- In **finance**, the new Taskforce on Nature-related Financial Disclosures will help direct investments towards a nature-positive future[6]. Furthermore, 111 financial institutions representing 20 countries and over 16.3 trillion euro in assets have signed the Finance for Biodiversity Pledge calling for government action at the CBD and making a commitment to restoring biodiversity[7].

However, there are challenges to success at COP15:

- **Slow progress on the Post-2020 Global Biodiversity Framework.** The latest version has four long-term goals for 2050 and 22 targets to achieve by 2030. Two years late, it is still incomplete. The working group's fourth meeting in June 2022 was due to be its last but made so little progress that an extra meeting is scheduled for 3–5 December in Montreal, just before COP15.
- **Disagreement on an apex target for nature.** Scientists, NGOs and parties to the CBD are split about whether or not to have a top-level target to deliver by 2030 (such as an overall biodiversity status or global extinction rate). Some experts think it would help. Others say it would distract from implementing the GBF, and it is impossible for one metric to capture the complexity of ecosystems and species.
- **The world's attention is elsewhere.** Few heads of state or world leaders are expected to attend COP15, reducing the public prominence and media coverage that could help tip the balance. In June, several NGOs wrote an open letter to UN Secretary-General Guterres and the heads of state of CBD parties decrying the "notable absence of the high-level political engagement, will, and leadership to drive through compromise and to guide and inspire the commitments that are required"[8].
- **Divergence around resource mobilisation.** A central question is how to fund activities to implement the CBD, and what richer countries will provide to help developing countries conserve their rich biodiversity. Twenty-three countries, including Brazil, Argentina, South Africa, Cameroon, Egypt, and Indonesia, have called for the rich world to provide at least US$100 billion a year until 2030[9]. Will countries build on the draft to raise this ambition or water down what is there?

2 Although not formally party to the CBD, in Jan 2021, President Joe Biden committed his administration to protect 30 per cent of US land and coastal seas by 2030.
3 London School of Economics, Explainers: "What is the UN Biodiversity Conference?" 4 October 2022. Retrieved from: https://www.lse.ac.uk/granthaminstitute/explainers/what-is-the-un-biodiversity-conference/
4 WWF, NDC's – A Force for Nature? November 2021. 4TH Edition. Nature in Enhanced NDCs. Retrieved from: https://wwfint.awsassets.panda.org/downloads/wwf_ndcs_for_nature_4th_edition.pdf
5 https://www.leaderspledgefornature.org/
6 https://tnfd.global/
7 https://www.financeforbiodiversity.org/about-the-pledge/
8 Campaign for Nature, "Open Letter to the U.N. Secretary General and Heads of State of Parties to the U.N. Convention on Biological Diversity", 27 June 2022. Retrieved from: https://www.campaignfornature.org/open-letter
9 Euractiv, "Long road ahead to hammer out UN biodiversity blueprint", 27 June 2022. Retrieved from: https://www.euractiv.com/section/energy-environment/news/long-road-ahead-to-hammer-out-un-biodiversity-blueprint/. Funding for nature conservation must triple globally this decade to meet biodiversity, land restoration, and climate targets by 2050 (the UN, https://news.un.org/en/story/2022/01/1110732).

- **Knock-on effect of COP27 outcomes.** While the agreement to establish a loss and damage fund for developing nations is encouraging, efforts around peaking emissions and the phasedown of coal and fossil fuels were deeply disappointing. How far will the mixed outcomes from Egypt influence Montreal's level of ambition? David Cooper, CBD Deputy Executive Secretary, said, "If we don't have successful outcomes in the climate process, then we cannot hold and reverse biodiversity loss… We depend on the success of the climate conference, but they also depend on the success of the biodiversity conference."[10]

Nature and it's critical connection to health

Nature and people's health and wellbeing are inextricably linked. We have long seen the role our destruction of nature has played in novel diseases – from the extensive deforestation associated with the increase in Ebola outbreaks since 1994, to the role of wildlife commerce in the outbreak of COVID-19. The impacts on nature and wellbeing are further compounded by the stress these events place on our food and healthcare systems.

However, nature's role in people's livelihoods is much broader. As the most recent global pandemic highlighted, people's mental health is heavily influenced by their ability to interact and connect with nature. It is a powerful means through which to combat anxiety and depression, paramount in today's uncertain environment. In this light, it is important that natural spaces are not only looked after but made accessible to everyone. This remains an issue of concern, as racism and lack of diversity remain embedded in national parks across the world.

The Dasgupta Review

In 2021, Cambridge Professor Sir Partha Dasgupta published his eagerly anticipated Review of the Economics of Biodiversity. Originally commissioned by the UK Treasury in 2019, the review comes fifteen years after the Stern Review on the Economics of Climate Change, and signals an inflection point in the global attention to nature and its value that COP15 must capitalise on.

The Dasgupta Review describes the economics of biodiversity as an exercise in portfolio management. Humanity has collectively mismanaged its "global portfolio," and has degraded the most precious asset, Nature. Dasgupta argues that GDP is a "faulty application of economics," that does not include the depreciation of natural assets. GDP growth is simply not designed for project economics or sustainable development and is unfit for purpose. We must adopt different metrics for economic success that includes natural, human, and social capital in its measure of wealth. This requires the transformation of institutions and systems to enable and sustain these changes and reach a "50 by 50" target.

10 Weston, P. 11 November, 2022. Cop27 must pave the way for 'a Paris moment' for nature, says UN. The Guardian. Retrieved from: https://www.theguardian.com/environment/2022/nov/11/cop27-must-pave-the-way-for-a-paris-moment-for-nature-cop15-says-un

Three recommendations for driving nature-positive transformation of our society and economy

1.Tackle the nature and climate crises as one

2. Put nature at the heart of all policy and regulation

3. Embed nature in decision-making across business and finance

1.Tackle the nature and climate crises as one

We must set the bar for meaningful action to jointly address the climate and nature crises - achieving net zero while protecting and restoring nature.

We need a new compact between humanity and nature that engages society and delivers results on both net-zero and nature-positive pledges through aligned finance and strategies. Rooted in climate considerations, this unified approach must be underpinned by policies that uphold nature's intrinsic, cultural, economic, and health-generating values for each new generation.

This common agenda needs to be both expansive and inclusive. It starts with rethinking human dependencies and impacts on the natural environment, from agriculture and land management to water systems and natural resource extraction. Second, it must involve and empower local and indigenous communities in designing and implementing pro-climate solutions that enhance nature and improve their lives and livelihoods (**Target 20**).

Why? Two sides of the same coin

High functioning natural systems and a stable climate are the foundations of planetary health. Nature and climate are bound in a mutually reinforcing, cyclical relationship. Fix the first, and we go a long way to helping fix the second. A nature-poor planet, in contrast, is one on which climate change has free rein.

We know that the destruction of nature is a key driver of climate change. Forests and coastal ecosystems serve as vital carbon sinks. Today's unprecedented deforestation and coastal deterioration result in annual emissions of around 4.8 and 1 billion tonnes of CO^2, respectively.[11] If we can turn this around, research finds that widespread reforestation and other stewardship interventions in terrestrial ecosystems, coupled with a shift towards regenerative agriculture, could provide almost one-third of the CO^2 mitigation needed by 2030.[12] Indeed, net zero is only possible by solving challenges such as deforestation.

Nature also plays a critical role in climate resilience and adaptation in urban and rural systems. In cities, nature-based solutions are critical to developing green and blue infrastructure to cope with the rise in climate and weather risks. For example, while concreted built environments have little to no absorptive capacity in the face of heavy rainfall, nature-based systems that mimic natural hydrological processes are far more effective. In coastal systems, nature makes communities more resilient in the face of storms, flooding, and erosion: for example, reefs, dunes and marshes break waves, and absorb storm surges and harsh winds.

However, despite their deep interconnections, climate and nature are almost always still addressed separately by governments, business, and finance.

11 The rate of global decline in nature is unprecedented in human history, and the vast deterioration of the Earth's ecosystems – oceans, rivers, and forests – is eroding the biological diversity (biodiversity) that underpins our society and economies.

12 Erb. K-H, et al. 2018. Unexpectedly large impact of forest management and grazing on global vegetation biomass. Nature, 553, 73-76; Le Quéré., et al. 2018. Global carbon budget 2017. Earth Systems Science. Data 10, 405-448.

How? Practical steps forward

Bringing the nature and climate agendas into greater alignment can be achieved in a number of ways. Key steps that CISL supports include:

1. **A new common action agenda between climate and nature**, supported by policies that reflect nature's intrinsic, cultural, economic, and health-generating values for each new generation. Enhanced national climate plans should close the ambition gap and limit warming to 1.5°C, and address the climate-nature nexus. Healthy nature and ecosystems can hold the key[13].

2. **Joint commitments by business, finance, and government** to tackle key mitigation and adaptation challenges, including resource mobilisation for biodiversity and the finance gap for climate. Under the current architecture of international treaties, corporate pledges for climate would not support ambitions for the GBF. Currently, the only agreed wording in the GBF to minimise the impacts of climate change on biodiversity is found in Targets 3 and 8.

3. **Avoid unintended consequences of climate 'solutions' for nature.** Instead maximise synergies between the two. The use of bioenergy with carbon capture and storage (BECCS), for example, is included in many 1.5°C and 2.0°C warming limitation scenarios. However, at scale, this would have potential negative impacts on biodiversity, ecosystems and land use. Instead, we need holistic solutions based on social and ecological needs, science and entrepreneurship, and co-developed with local and indigenous communities.[14]

4. **Integration of nature loss risks into existing assessments of climate change risk.** Communities and economic actors depend on the goods and services nature provides. It is vital financial institutions and business understand and measure the risks posed by nature loss[15]. To put a stop to unmeasured and unmanaged environmental sources of risk in our financial system, 45 central banks and supervisors are now implementing measures to address nature-related risks[16]. Private investors - with some notable exceptions - are slowly following suit. To accelerate progress, moves to improve nature-related data and analytics, and increase the disclosure of nature-related risks and impacts, should be actively encouraged. In a campaign spearheaded by Business for Nature, more than 330 business and finance institutions from 52 countries are now calling for mandatory requirements for all large businesses and financial institutions to assess and disclose their impacts and dependencies on nature by 2030[17].

How this connects to the Global Biodiversity Framework

Tackling the nature and climate crises as one is essential for all aspects of the GBF. We cannot live in harmony with nature, if living beyond our climate planetary boundary. Targets of particular relevance include:

Target 3 – Protect and conserve at least 30% of the world's land and oceans

Target 8 – Minimise the impacts of climate change on biodiversity

Target 20 – Ensure insight from indigenous peoples and local communities guides biodiversity restoration decision making

13 Achieving a 'nature-positive' world involves halting and reversing current trends of ecological destruction for 2030, using a 2020 baseline.
14 This joined up approach is adopted by Commonland, whose mission is to transform degraded landscapes into thriving ecosystems and communities based on sound business cases and aligned with international policies and guidelines.
15 https://www.cisl.cam.ac.uk/centres/centre-for-sustainable-finance/nature-related-financial-risks
16 NGFS "NGFS acknowledges that nature-related risks could have significant macroeconomic and financial implications" March 2022. Retrieved from: https://www.ngfs.net/en/communique-de-presse/ngfs-acknowledges-nature-related-risks-could-have-significant-macroeconomic-and-financial
17 https://www.businessfornature.org/

Examples

Integrating climate and nature: The rationale for financial institutions[18]

Building on the nature-related financial risks collaboration between the Banking Environment Initiative (BEI) and Investment Leaders Group (ILG), CISL published a report in September detailing the importance of an integrated approach to addressing environmental challenges, encompassing climate and other nature-related issues. The report suggests that while financial institutions are engaging and supporting clients with their emissions reduction plans, these must also address nature loss, or several risks and opportunities will be missed.

Decision Making in a Nature-Positive World: Nature-based solutions for sectors[19]

In July, CISL published four sector-specific business briefings that outline the challenges and actions needed to implement nature-based solutions projects. The briefings focus on Water, Finance, Food and Beverage, and Built Environment and Linear Infrastructure. They encourage companies to reconsider their relationship with nature and explore how they could get involved in similar projects

18 University of Cambridge Institute for Sustainability Leadership (CISL). (2022). Integrating climate and nature: the rationale for financial institutions. Cambridge, UK: University of Cambridge Institute for Sustainability Leadership.

19 The University of Cambridge Institute for Sustainability Leadership (CISL). (2022). Decision Making in a Nature-Positive World: Nature-based Solutions for the Water Sector. Cambridge: The University of Cambridge Institute for Sustainability Leadership

2. Put nature at the heart of all policy and regulation

To halt and reverse biodiversity loss, we must put nature at the heart of all policy and regulation, embedding the benefits, security and support it provides across government decision-making and rule-making (as reflected in **Target 14**). This approach must not only be across policy domains but connected to civil society with participation from youth, indigenous and minority communities so that solutions to protect and restore nature align with the context, aspirations and needs of local populations and stakeholders.

Why? Building for a resilient future

Nature is the foundation for people and communities to lead healthy and secure lives across the world, and is an exceptional resource for future innovation and discoveries. Accelerating rates of biodiversity loss undermine ecosystem functions and services we currently take for granted. It will also create catastrophic risks for nations, societies, and economies, as well as their success in providing climate adaptation and resilience. Local communities risk being the first and hardest hit against the backdrop of economic precarity and livelihoods under strain.

At a macro scale, recent Cambridge University research shows that even a partial collapse of ecosystem services would risk countries going bankrupt.[20] Despite this, policy and regulation do not adequately account for the risks posed by nature loss and environmental tipping points. Governments need to be bold and ready for tomorrow – their focus should not just be on conserving ”30 by 30” but looking ahead to a regenerative goal of “50 by 50”.

How? Practical steps forward

To set their societies and economies up for success, government should:

1. **Be highly ambitious about investment in nature.** This includes pursuing new pro-nature innovation and scaling up natural infrastructure to create resilient built and rural environments and healthy liveable cities. Policy frameworks should ensure that planning rules, public infrastructure spending, and associated incentives create and lock in pathways aligned with the GBF vision, especially for fast-growing urban systems where most of the world’s population will live in the future. Natural infrastructure can also involve retrofitting and reinvention, such as the use of the KTM railway in Singapore as a green corridor.[21]

2. **Support shifts in the flows of private finance.** Governments can help redirect finance to less traditional investments, such as landscape finance, by creating derisking, data and policy frameworks to encourage innovative finance to restore ecosystem services at scale rather than isolated pockets of conservation.[22] They must also work with financial regulators to create mechanisms and markets capable of mobilising capital at scale.[23]

20 Finance for Biodiversity Initiative. (June 2022) Nature Loss and Sovereign Credit Ratings. Retrieved from: https://www.bennettinstitute.cam.ac.uk/wp-content/uploads/2022/06/NatureLossSovereignCreditRatings.pdf

21 World Bank. (2021). A Catalogue of Nature-Based Solutions for Urban Resilience. World Bank, Washington, DC. Retrieved from: https://openknowledge.worldbank.org/handle/10986/36507

22 The financial resources required are immense. Current international financial flows for biodiversity (measured by ODA) are $5 to 10 billion per year. The global south is calling for $100 billion a year in dedicated international biodiversity financing.

23 See the work of NatureFinance whose vision is to align global finance with nature positive and equitable outcomes, https://www.naturefinance.net

3. **Create an enabling environment for business and finance to drive activities aligned with nature restoration and regeneration** in line with the GBF vision. Key actions include:

   - **Ensuring transparency and data availability** where opportunities to restore nature exist and where destructive practices are taking place, linking these to economic activities and supply chains. This will support the delivery of **Target 15** to ensure that business and finance monitor, assess and disclose their impacts and dependencies on nature, as well as enabling business and finance to integrate nature into decision making.

   - **Working with financial regulators to create 'nature stress' scenarios**, where the ongoing impact of key drivers of nature loss on the economy are integrated into stress tests of financial institution balance sheets.[24] This will help business and finance integrate their dependence on nature into decision making and provide insight on the risks to financial stability from not protecting and restoring nature.

   - **Establishing clear expectations for business responsibility and opportunities for nature positive activities.** As with climate change, private sector leadership, innovation and investment has a key role to play in pro-nature transformation. However, there is an urgent need for new target setting and implementation initiatives to develop and scale business action.

4. **Act to end the overexploitation of nature.** This includes discouraging, disincentivising and ultimately banning unsustainable activities and mandating nature protection, as well as addressing economic practices that create drivers for destruction of nature. Governments must:

   - Adopt and implement, as a minimum, "30 by 30" (**Target 3**).

   - Enhance action on air and water pollutants that damage nature, ensuring that substances that cannot be sustainably used are phased out and substituted with those that work in harmony with nature.

   - Work with business, finance and civil society to shift unsustainable consumption patterns.

   - Ensure that planning regulations and infrastructure development minimise the negative impacts on nature and scale up nature restoration.

   - Report on and phase out all subsidies that damage or destroy nature, not limited to the US$500 billion referenced by **Target 18**.[25]

How this connects to the Global Biodiversity Framework

Putting nature at the heart of policy and regulation is essential for the milestones and goals of the GBF to be achieved. Targets of particular relevance include:

Target 2 – Restore up to 20 per cent of degraded land, freshwater, coastal and marine habitats

Target 3 - Protect and conserve 30 per cent of land and sea areas

Target 14 – Fully integrate biodiversity into policies and regulations

Target 15 – All businesses monitor, disclose and assess impacts on biodiversity

Target 18 - Redirect, repurpose, reform or eliminate incentives harmful for biodiversity

24 Currently, 45 central banks and supervisors are already implementing measures to address nature-related risks (NGFS-INSPIRE, 2022).

25 Target 18 is to redirect, repurpose, reform or eliminate incentives harmful to biodiversity in a just and equitable way, reducing them by at least US$ 500 billion per year, including all of the most harmful subsidies, and ensure that incentives, including public and private economic and regulatory incentives,are either positive or neutral for biodiversity. However, the world currently spends at least US$1.8 trillion each year on subsidies that are accelerating the destruction of our natural world.

Examples

Banking Beyond Deforestation[26]

This CISL report, published in January 2021, details how the banking industry can contribute to halting and reversing deforestation. It highlights the opportunities for banks to grow the supply of soft commodities that are deforestation-free or forest restorative. Underpinned by five actions, the report aims to act as a catalyst for banks to respond to the biodiversity and climate crisis.

Policy Briefing: Towards a sustainable food future for Europe[27]

Business can collaborate to shape policy outcomes towards better outcomes for climate and nature. For example, this Corporate Leaders Group Europe policy briefing explores how to make food systems more sustainable by looking at solutions from production to consumption and waste, illustrated with best practices from the private sector. It provides recommendations on how EU policies, such as the Farm to Fork Strategy, can contribute to the transition towards a sustainable food system at EU and global level.

26 University of Cambridge Institute for Sustainability Leadership (CISL). (2021). Banking Beyond Deforestation. Cambridge: University of Cambridge Institute for Sustainability Leadership

27 University of Cambridge Institute for Sustainability Leadership (CISL). (2021). Towards a Sustainable Food Future for Europe. Cambridge, UK: CLG Europe.

3. Embed nature in decision-making across business and finance

There is no business on a broken planet and, ultimately, no business in a broken society. All livelihoods, economic activity and human wellbeing depend in different ways on nature thriving. Left unchecked, damage to the natural world runs catastrophic risks for the places, products, and services we currently take for granted, from the collapse of pollinator populations and crops to the Amazon rainforest becoming a relatively dry savanna.[28]

Bold and diverse leadership is needed to change mindsets and protect and enhance the natural world for the long-term. Businesses, communities, consumers, politicians, and citizens can all be part of the action needed to protect and restore nature across whole sectors, landscapes, and supply chains, reshaping and regenerating our economies.

Why? Economic impact of nature-related risks

Current economic and financial systems do not adequately account for nature in decision making. We need a paradigm shift in how we view and value nature and mobilise resources to enable this transition. Some businesses and financial institutions are waking up to the risks associated with nature degradation. They have committed to protecting and restoring nature through financing activities and investments and mandating the disclosure of nature impacts and dependencies.[29]

Understanding and measuring the relationship between economic activity and nature – including through metrics like species diversity, space for nature, species abundance or ecosystem function – is critical for organisational leadership, accountability and innovation to support nature protection and restoration.

How? Practical steps forward

What does this mean for business?

Business must seek to adopt a regenerative model for nature that replaces extractive models, which degrade and damage biodiversity and ecosystem functions and services. To achieve this, business needs to:

1. **Understand and measure where their greatest impacts, dependencies and opportunities with nature exist, and then address them directly.** This includes thinking about the true value of their assets, not just financial performance, and how these create value flows throughout the economy. Businesses can embrace radical innovations in business models, products and services that will help create and align with the GBF vision.

28 Boulton, C.A., Lenton, T.M. & Boers, N. Pronounced loss of Amazon rainforest resilience since the early 2000s. Nat. Clim. Chang. 12, 271–278 (2022). Retrieved from: https://doi.org/10.1038/s41558-022-01287-8
29 See Business for Nature commitments and Finance for Biodiversity Pledge.

2. **Work to transform value chains** so that suppliers become active agents and stakeholders in protecting and restoring nature by:
    - Requiring suppliers and buyers to disclose their impact and dependence on nature, in line with **Target 15**[30]
    - Providing financial incentives to suppliers to move toward a harmonious relationship with nature.
    - Exploring and implementing effective nature-based solutions to deliver dividends for the climate.
3. **Be prepared to end activities and business streams** that cannot be brought in line with the GBF mission to halt and reverse biodiversity loss by 2030. This may include having to end relationships with suppliers, buyers or partners that do not, after a period of engagement, align their activities or dependencies further down the value chain.

What does this mean for financial institutions?

The financial economy mirrors the real economy. By integrating nature into financial decision making (such as into investment, lending and insurance), the real economy can begin prioritising nature protection and restoration. If integration is done systemically – and supported by financial regulation – this would enable capital flows in the trillions of USD to incentivise and prioritise nature restoration and protection. To achieve this, financial institutions need to:

1. **Integrate nature into financial decision making by:**
    - Assessing their impact and dependence on nature, recognising that negative impacts (degrading nature) create highly material risks.
    - Creating solutions that enable investors, lenders, insurers and others to understand how a business or government depends upon and impacts nature.[31]
    - Creating solutions (new markets, mechanisms and asset classes) that reduce friction between financial centres and the allocation of finance to outcomes that are positive for nature on-the-ground, and often in markets with high levels of political risk.[32]
    - Supporting alignment between CFOs and investors on the urgent need to protect and restore nature.
2. **Support transformation of the real economy** where capital moves to new asset classes and types of activity, away from activities that harm towards activities that protect and restore. Financial institutions would facilitate this redeployment of capital, sourcing assets, agreeing prices and underwriting transactions.
3. **Shift to a future-focused and intergenerational mindset in investment decision making** to help capital to act in the long-term interest of nature. This shift may include supporting the Boards of portfolio companies to consider longer term investments and holistic value creation beyond financial profits, and helping public and private businesses transition to circular, regenerative business models. For example, family offices worldwide are increasingly thinking about their roles as stewards of planetary health across generations and, via private investment vehicles, committing funds to nature-based solutions.
4. **Be prepared to exit investments, lending and relationships** that cannot be brought in line with the GBF mission to halt and reverse biodiversity loss by 2030.

30 Target 15 is all for business (public and private, large, medium and small) to assess and report on their dependencies and impacts on biodiversity, from local to global.

31 Positive developments in this regard include the ongoing development of the TNFD Framework (TNFD, 2022), the International Financial Reporting Foundation's consultation process on sustainability reporting, the review of the GRI Standards for Biodiversity (GRI, 304), and the update of CDP questionnaires to better cover biodiversity issues.

32 See the Taskforce on Nature Markets (NatureFinance) and Little Book of Investing in Nature (Global Canopy)

What does this mean for engagement with policymakers?

To accelerate the integration of nature into decision making – and therefore into the economy – both business and finance should:

- Call for policymakers and regulators to impose clear regulations and incentives that embed and internalise the costs of ecosystem service degradation and give clear signals to prompt the shift of markets and transformation of economic activities.
- Call for the mandatory disclosure of impacts and dependences under the Taskforce for Nature-related Financial Disclosures.
- Support collaborations and activities that help scale and deploy pro-nature innovation and investment.

How this connects to the Global Biodiversity Framework

Embedding nature into business and financial decision making is key for delivering the milestones and goals of the GBF. Targets of particular relevance include:

Target 14 – Fully integrate biodiversity into policies and regulations

Target 15 – All businesses monitor, disclose and assess impacts on biodiversity

Target 18 - Redirect, repurpose, reform or eliminate incentives harmful for biodiversity

Target 19 - Align and mobilise financial resources for the GBF

Examples

Integrating Nature: The case for action on nature-related financial risks[33]

CISL, in collaboration with banks and investment managers, has detailed the case for integrating nature-related risks into financial decisions. Nature loss poses highly material financial risks. If nature is not protected, at least USD 10 trillion of GDP will be lost by 2050 due to the decline of ecosystem services. By identifying and assessing nature-related financial risks, nature can be integrated into financial decision making, recognising nature as the heart of the economy and remaking the relationship between people and the planet.

Finance for Biodiversity Pledge[34]

This initiative is seeking to reverse nature loss this decade and is calling for and committing to take ambitious action on biodiversity. One hundred and eleven financial institutions representing 20 countries and over 16.3 trillion euro in assets have signed the Finance for Biodiversity Pledge. The Pledge calls on global leaders to agree on effective measures to reverse nature loss in this decade to ensure ecosystem resilience. It commits the signatories to contribute to the protection and restoration of biodiversity and ecosystems through their financing activities and investments.

33 University of Cambridge Institute for Sustainability Leadership (CISL). (2022). Integrating Nature: The case for action on nature-related financial risks. Cambridge: University of Cambridge Institute for Sustainability Leadership.

34 https://www.financeforbiodiversity.org/

Trado: New technologies to fund fairer, more transparent supply chains[35]

There is a growing understanding of the transformative potential of harnessing digital innovation and financial technologies to improve the sustainability of global supply chains. This report, published in September 2019, details the learnings and methodology of the collaborative project Trado, convened by CISL. The Trado model enables a sustainability 'data-for-benefits' swap between a buyer and a supplier in the supply chain using banks' traditional supply chain financing. This swap provides parties in the supply chain with reliable data about the supply chain's sustainability properties, helping to unlock finance to reward first mile producers such as smallholder farmers for information on sustainability.

Why nature matters: Nature-related risks and opportunities for insurance underwriting[36]

While many re/insurers believe that nature-related risks are material for their underwriting business, these are not currently being assessed in underwriting by majority of the re/insurance industry. This report, published in September 2022, introduces a framework for identifying and assessing nature-related risks in the re/insurance industry, and discusses four different approaches that insurers can adopt to reduce the impact on nature or contribute to its protection and restoration. This is an opportunity for the industry to redefine its risk management role through proactive nature-positive activities, rather than simply responding to claims following a disaster or loss.

35 University of Cambridge Institute for Sustainability Leadership (CISL). (2019). Trado: New technologies to fund fairer, more transparent supply chains. Cambridge: University of Cambridge Institute for Sustainability Leadership.

36 University of Cambridge Institute for Sustainability Leadership (CISL). (2022). Why nature matters: Nature-related risks and opportunities for insurance underwriting. Cambridge: University of Cambridge Institute for Sustainability Leadership.

The University of Cambridge Institute for Sustainability Leadership

The University of Cambridge Institute for Sustainability Leadership (CISL) is a globally influential Institute developing leadership and solutions for a sustainable economy. We believe the economy can be 'rewired', through focused collaboration between business, government and finance institutions, to deliver positive outcomes for people and environment. For over three decades we have built the leadership capacity and capabilities of individuals and organisations, and created industry-leading collaborations, to catalyse change and accelerate the path to a sustainable economy. Our interdisciplinary research engagement builds the evidence base for practical action.

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